

April 14, 2016

Ms. Lorry Hempe, Public Works Special Projects Manager
City of Lynwood
11330 Bullis Road
Lynwood, CA 90262

Dear Ms. Hempe:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lynwood Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 8 – 2011 Tax Allocation Bonds (TAB), Series B in the amount of \$372,636 is partially allowed. The Agency requested \$372,636 for the July 1, 2016 through December 31, 2016 (ROPS A period); however, only \$368,700 is due during the ROPS A period. Therefore, the excess \$3,936 (\$372,636 - \$368,700) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 20 through 24 — Obligations related to the Rogel v. LRA settlement agreement are not enforceable obligations. It is our understanding the agreement amends the original 2009 agreement. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. Therefore, the amendment and associated costs are not enforceable obligations and are not eligible for RPTTF or Reserve Balances on this ROPS.
- Item No. 76 – Property disposition and maintenance costs in the amount of \$155,000 are not approved at this time. Finance's Long-Range Property Management Plan (LRPMP) determination letter dated December 22, 2015 approved only one property for sale. The remaining six properties listed in the LRPMP were to transfer to the City of Lynwood (City) either as a government purpose or for future development. As a result, these six properties should have transferred to the City and the associated property maintenance is no longer an Agency obligation. Further, the requested amount of \$155,000 appears excessive for one property and the Agency did not provide supporting documentation to substantiate the amounts requested. To the extent the Agency can

provide documentation to support the requested funding, the Agency may be able to obtain RPTTF funding on a future ROPS.

- Item No. 87 – ROPS 15-16B RPTTF Shortfall in the amount of \$693,946 is partially allowed. It is our understanding that the Agency was authorized \$2,240,924 in RPTTF and the County Auditor-Controller (CAC) distributed \$1,550,914, resulting in a shortfall of \$690,010. As such, \$3,936 of excess (\$693,946 - \$690,010) shortfall is not approved for funding. Also, included in the \$693,946 shortfall is a request to fund Item No. 6 – 2011 Tax Allocation Bonds, Series A in the amount of \$222,690. However, Item No. 6 is approved in the amount of \$226,690 on ROPS A, thus to avoid double counting; only \$467,320 (\$693,946 - \$3,936 - \$222,690) is approved for the ROPS 15-16B shortfall. Therefore, the excess \$226,626 is not approved.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,718,872 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Nicole Prisakar, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Bruno Naulls, Project Manager, City of Lynwood
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

| Approved RPTTF Distribution For the period of July 2016 through June 2017 | | | |
|--|------------------|------------------|---------------------|
| | ROPS A Period | ROPS B Period | Total |
| Requested RPTTF (excluding administrative obligations) | \$ 3,166,670 | \$ 1,687,764 | \$ 4,854,434 |
| Requested Administrative RPTTF | 125,000 | 125,000 | 250,000 |
| Total RPTTF requested for obligations on ROPS 16-17 | 3,291,670 | 1,812,764 | \$ 5,104,434 |
| Total RPTTF Requested | 3,166,670 | 1,687,764 | 4,854,434 |
| <u>Denied Items</u> | | | |
| Item No. 8 | (3,936) | 0 | (3,936) |
| Item No. 76 | (77,500) | (77,500) | (155,000) |
| Item No. 87 | (226,626) | 0 | (226,626) |
| | (308,062) | (77,500) | (385,562) |
| Total RPTTF authorized | 2,858,608 | 1,610,264 | \$ 4,468,872 |
| Total Administrative RPTTF authorized | 125,000 | 125,000 | \$ 250,000 |
| Total RPTTF approved for distribution | 2,983,608 | 1,735,264 | \$ 4,718,872 |